Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2020 (Based on Japanese GAAP)

November 10, 2020

Company name: Altech Corporation
Stock exchange listing: Tokyo
Stock code: 4641 URL https://www.alpsgiken.co.jp/
Representative: President Atsushi Imamura
Inquiries: Managing Director General Manager Nobuyuki Watanabe TEL 042(774)3333
Scheduled date to file Quarterly Securities Report: November 11, 2020
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: No
Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended September 30, 2020 (from January 1, 2020 to September 30, 2020)

(1) Consolidated operating results (cumulative) Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2020	25,976	2.5	2,592	(5.3)	3,314	18.6	2,218	9.5
Nine months ended September 30, 2019	25,352	6.8	2,736	9.3	2,795	11.0	2,025	8.8

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2020	108.16	–
Nine months ended September 30, 2019	96.79	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	20,623	11,863	57.4
As of December 31, 2019	19,471	12,165	62.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2019	–	35.00	–	38.00	–
Year ending December 31, 2020	–	35.00	–		
Year ending December 31, 2020 (Forecast)				35.00	70.00

3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	38,320	5.4	4,270	6.4	4,270	4.2	2,910	0.1	139.02

4. Notes

(1) Changes in significant subsidiaries during the nine months ended September 30, 2020 (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:	No
Changes in accounting policies due to other reasons:	No
Changes in accounting estimates:	No
Restatement of prior period financial statements:	No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2020	24,746,675 shares	As of December 31, 2019	24,746,675 shares

Number of treasury shares at the end of the period

As of September 30, 2020	4,289,039 shares	As of December 31, 2019	3,797,910 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2020	20,511,437 shares	Nine months ended September 30, 2019	20,926,247 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2019	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	7,442,059	7,673,855
Notes and accounts receivable - trade	5,382,018	5,070,379
Work in process	155,568	326,117
Raw materials and supplies	961	45,134
Other	426,694	678,676
Allowance for doubtful accounts	(2,115)	(3,403)
Total current assets	13,405,188	13,790,760
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,013,586	3,059,075
Accumulated depreciation	(1,286,261)	(1,367,795)
Buildings and structures, net	1,727,325	1,691,279
Land	1,449,757	1,455,997
Other	397,364	496,491
Accumulated depreciation	(317,000)	(401,439)
Other, net	80,364	95,052
Total property, plant and equipment	3,257,447	3,242,329
Intangible assets		
Goodwill	277,321	438,553
Other	160,120	148,522
Total intangible assets	437,442	587,076
Investments and other assets		
Investment securities	1,020,504	981,147
Shares of subsidiaries and associates	–	108,598
Deferred tax assets	643,338	1,194,671
Other	928,485	942,744
Accumulated depreciation	(220,968)	(223,947)
Other,net	707,517	718,797
Total investments and other assets	2,371,360	3,003,214
Total non-current assets	6,066,250	6,832,620
Total assets	19,471,438	20,623,381

(Thousands of yen)

	As of December 31, 2019	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	112,052	102,085
Short-term borrowings	700,000	952,813
Accounts payable - other	1,559,567	1,075,323
Income taxes payable	864,974	1,087,991
Provision for bonuses	1,333,112	2,841,050
Provision for bonuses for directors (and other officers)	32,085	22,560
Other	2,386,442	2,153,714
Total current liabilities	6,988,234	8,235,537
Non-current liabilities		
Long-term borrowings	–	188,459
Provision for retirement benefits for directors (and other officers)	–	1,470
Retirement benefit liability	206,035	200,952
Deferred tax liabilities	–	725
Other	111,430	132,845
Total non-current liabilities	317,466	524,453
Total liabilities	7,305,700	8,759,990
Net assets		
Shareholders' equity		
Share capital	2,347,163	2,347,163
Capital surplus	3,060,564	3,066,215
Retained earnings	10,425,509	11,131,833
Treasury shares	(3,963,015)	(5,013,467)
Total shareholders' equity	11,870,221	11,531,745
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	257,173	292,391
Foreign currency translation adjustment	15,021	14,523
Total accumulated other comprehensive income	272,195	306,914
Non-controlling interests	23,321	24,730
Total net assets	12,165,737	11,863,390
Total liabilities and net assets	19,471,438	20,623,381

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Net sales	25,352,756	25,976,572
Cost of sales	18,740,862	19,871,801
Gross profit	6,611,893	6,104,770
Selling, general and administrative expenses	3,875,453	3,512,667
Operating profit	2,736,439	2,592,103
Non-operating income		
Interest income	1,984	2,513
Dividend income	16,459	14,305
Subsidy income	18,137	666,507
Rental income	28,449	2,680
Compensation income	–	51,797
Foreign exchange gains	97	–
Other	36,533	34,307
Total non-operating income	101,663	772,112
Non-operating expenses		
Interest expenses	2,753	1,370
Rental cost	16,064	18,947
Loss on investments in investment partnerships	2,652	10,404
Foreign exchange losses	–	6,289
Other	20,834	12,780
Total non-operating expenses	42,305	49,792
Ordinary profit	2,795,797	3,314,423
Extraordinary income		
Gain on sales of non-current assets	93	183
donation income	200,000	100,000
Total extraordinary income	200,093	100,183
Extraordinary losses		
Loss on sales of non-current assets	425	–
Loss on retirement of non-current assets	2	0
Loss on valuation of investment securities	970	91,051
Loss on valuation of membership	299	–
Total extraordinary losses	1,698	91,051
Profit before income taxes	2,994,192	3,323,555
Income taxes - current	1,403,370	1,674,281
Income taxes - deferred	(435,367)	(570,739)
Total income taxes	968,003	1,103,541
Profit	2,026,189	2,220,014
Profit attributable to non-controlling interests	696	1,570
Profit attributable to owners of parent	2,025,492	2,218,443

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Profit	2,026,189	2,220,014
Other comprehensive income		
Valuation difference on available-for-sale securities	(40,272)	35,218
Foreign currency translation adjustment	(27,104)	(660)
Total other comprehensive income	(67,376)	34,557
Comprehensive income	1,958,812	2,254,572
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,958,821	2,253,162
Comprehensive income attributable to non-controlling interests	(9)	1,409